honoluluadvertiser.com

April 26, 2009

Democrats shifting burden to families

By Lynn Finnegan

It is a sad day when Democrat lawmakers shift the burden of closing a projected $2 billion revenue gap in our state budget to Hawai'i's families and businesses. Yet, in voting to increase taxes, this is exactly what they've done.

At a time when a staggering number of residents are out of work and many businesses are shutting down or on the verge of doing so, legislators have essentially said to the people of Hawai'i, "Sorry, but we need more money."

In contrast, Gov. Linda Lingle has laid out a responsible and fair plan to close the budget gap without tax increases or layoffs. Unfortunately, most Democrat legislators chose to ignore her common-sense approach.

The most troubling tax increase involves the hotel room tax, which they voted to increase by 2 percentage points over two years, to 9.25 percent. This would equate to more than $90 million over the next two years in new tax revenues! This is $90 million not going to restaurants, clothing stores, cultural shows or other businesses.

Don't be fooled by those in the majority party's leadership who say this won't dissuade visitors from coming to our Islands. For a seven-night stay at $175 a night, one couple would have to pay a transient accommodations tax (TAT) of $113 — almost the cost of another night's stay. Vacationing families and corporate conference planners will take the tax increase into account in deciding where to travel and spend their money.

Implementing this TAT increase would have a destructive effect on Hawai'i's primary industry. And it would be simply a job killer.

This tax will also impact the many Hawai'i families who are choosing to vacation here at home to help our ailing economy. They, too, will be assessed this 28 percent tax increase when they stay at a local hotel while attending a wedding, a class reunion or enjoying time visiting family and friends on another island.

In addition, school sports and robotics teams and other student clubs that travel to other islands to compete will also be penalized with this increased room tax when they stay in a hotel.

lingle plans veto

Raising taxes is simply not prudent in this economic environment, which is why the governor will have no choice but to veto this measure.

Contrary to what some of my colleagues across the aisle are saying, there are other ways to close our budget gap. Lingle has proposed several revenue-enhancement measures and using federal stimulus funds to help close the revenue shortfall. That proposal includes labor savings of about $140 million in each year of the fiscal biennium as a way to prevent layoffs. Because our annual labor costs are about $3.6 billion, the savings amounts to approximately 4 percent a year. It is the same kind of sacrifice that has already been made by workers in the private sector all across our state.

Sen. Gary Hooser, whose district would be among those hardest hit by an increase to the hotel room tax, said, "None of us here take any pleasure or get any political points for proposing tax increases." But that is not true. Public-sector unions are lobbying hard to raise taxes versus take temporary salary rollbacks. Proposing tax increases does earn politicians political points as they vie for higher office.

House Speaker Calvin Say has created class warfare by pinpointing areas in our state and their residents "who make the most money." He goes on to predict that the Legislature has the needed two-thirds' majority required to override vetoes of tax increases.

Republican legislators will work hard to ensure tax increases are vetoed. If there were ever a time to get involved in your state government, this is it. Shame on us if we choose the easy, shortsighted but ultimately destructive way out.

The people of Hawai'i can have a place at the table in determining how we overcome the current economic challenges we face as a state. Let's choose the wise, responsible and fair course of action.